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From:

<James\_Kohler@bim.gov>

To:

<markmesch@utah.gov>, <waynehedberg>

Date:

3/2/2006 8:00:16 AM

Subject:

Pacificorp Exploration License

Mark -

To clarify what is being proposed to avoid bypassing coal between the Joe's Valley Fault and the SITLA Mill Fork Lease, here are some key points:

After discussion with the Solicitor's Office in Washington, the company has been advised that they can file an exploration license.

We have been instructed to issue the license during the pendency of the 30 day period allowing interested parties to participate.

The company proposes to explore by driving the entries shown in light blue on the attached file.

Our regulations define exploration as follows: Exploration means drilling, excavating, and geological, geophysical or geochemical surveying operations designed to obtain detailed data on the physical and chemical characteristics of Federal coal and its environment including the strata below the Federal coal, overburden, and strata above the Federal coal, and the hydrologic conditions associated with the Federal coal (emphasis added). So we believe that the proposed activity will be consistent with this broad definition of exploration. A estimated 46,950 tons will be removed on the license to allow recovery of an additional 321,650 tons of longwall coal on the SITLA Mill Fork Lease.

BLM regulations do not allow sale of coal removed during exploration, so the mined coal will be stockpiled until the lands are covered by a lease.

All development outside of the existing SITLA lease will be first mining, so there should be no surface impacts or any surface coal mining operations.

The operations will be consistent with the Forest Service stipulation precluding subsidence within a 22 degree angle of draw of the surface expression of the Joe's Valley Fault.

I hope this will address some of your questions. Let me know when you want to get together to discuss any issues or concerns you might have.

Jim

(See attached file: PLAN A MODIFIED Model (1).pdf)

James F. Kohler Utah State Office Chief, Branch of Solid Minerals (801) 539-4037

CC:

<maryannwright@utah.gov>

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